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Prospectus

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OF

DERANCO MINES LIMITED

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Dated 17th February, 1959

DERANCO MINES LIMITED

Prospectus

filed with the Ontario Securities Commission under the Provisions
of Part VII of The Securities Act, Ontario

- (a) DERANCO MINES LIMITED, Suite 1105, 350 Bay Street, Toronto, & Ontario, was incorporated under The Corporations Act, 1953 (Ontario),
- (b) by Letters Patent dated December 30th, 1958.

- (c) The Officers and Directors are:

ANDREW WHITE LAW DERBY, Consulting Geologist, President and Director,
255 Heath Street East, Toronto, Ontario.

EDWARD FRANKLIN CARR, Mining Executive, Vice-President and Director,
17 St. Margaret's Drive, Toronto, Ontario.

BARNABAS WILLIAM NIXON APPLE, Solicitor, Secretary-Treasurer and
Director, 171 St. Leonard's Avenue, Toronto, Ontario.

FREDERICK HURDMAN JOWSEY, Mining Executive, Director, 9 Glengowan
Avenue, Toronto, Ontario.

ERNEST EDWARD LEWIS, Broker, Director, 1235 Ravine Drive, Clarkson,
Ontario.

There is no promoter unless the vendor and the members of the Derby
Syndicate be deemed to be promoters in which case full particulars are set
forth in paragraph (1) hereof.

- (d) PETTIT, HILL AND BERTRAM, Chartered Accountants, 181 Bay Street,
Toronto, Ontario, are the Company's Auditors.
- (e) CROWN TRUST COMPANY, 302 Bay Street, Toronto, Ontario, is the
Company's Registrar and Transfer Agent.
- (f) The authorized capital of the Company is \$5,000,000 divided into 5,000,000
shares of the par value of \$1.00 per share, of which 1,400,005 shares, all
fully paid up and non-assessable have been allotted and issued.
- (g) The Company has not created or issued any bonds or debentures, nor does
it propose to do so.
- (h) Certificates representing 810,000 shares of the Company are held by
Crown Trust Company, Toronto, Ontario, in pool or escrow, subject to
release on consent of the Ontario Securities Commission and the Company,
and subject also to transfer, hypothecation, assignment or other alienation
only with the written consent of the Ontario Securities Commission. Certifi-
cates representing an additional 450,000 shares of the Company are held by

Crown Trust Company, Toronto, Ontario, in pool or escrow, subject to release on November 30th, 1959, and subject also to transfer, hypothecation, assignment or other alienation only with the written consent of the Ontario Securities Commission.

- (i) 5 shares have been sold for cash to date at \$1.00 per share netting the Company the sum of \$5.00. No commissions were paid on the sale of these shares.
- (j) No securities other than shares have been sold for cash to date.
- (k) No shares have been issued or are to be issued and no cash has been paid or is to be paid to any promoter for promotional purposes.
- (l) (i) The Company is the recorded holder, free of encumbrance, of 111 unpatented mining claims forming seven groups of claims in the Province of Quebec. The groups of claims are not contiguous, but the claims in each group are contiguous. Said groups are described as follows: **Crow Bay Group** — 39 claims in Township 1313 and bearing numbers Q 117273 to and including Q 117307 and Q 117598 to and including Q 117601; **Wagama Lake Group No. 1** — 24 claims in Township 1211 and bearing numbers Q 118776 to and including Q 118799; **Wagama Lake Group No. 2** — 6 claims in Township 1211 and bearing numbers Q 119274 and Q 118800 to and including 118804; **Dana River Group** — 10 claims in Township 1210 and bearing numbers Q 119394 to and including Q 119403; **Mt. Middleton Group No. 1** — 9 claims in Township 1313 and bearing numbers Q 118927 to and including Q 118935; **Mt. Middleton Group No. 2** — 15 claims in Township 1313 and bearing numbers Q 118936 to and including Q 118950; **Evans Lake Group** — 8 claims in Township 1313 bearing numbers Q 116364 to and including Q 116367 and Q 118515 to and including Q 118518. These claims lie in the Evans Lake area approximately 100 miles northwest of the town of Chibougamau and 60 miles due north of the Mattagami Lake area. The claims are held under Miners' Certificates and the Company's title thereto is the usual title enjoyed to mining claims in the Province of Quebec when same are held under miner's Certificate.
- (ii) The aforesaid mining claims were acquired by the Company from Andrew Whitelaw Derby (the President and a Director of the Company) pursuant to a written Agreement dated February 9th, 1959, for the price or consideration of 900,000 fully paid and non-assessable shares of the Company and the sum of \$60,000 which was paid and satisfied by the allotment and issuance of an additional 500,000 fully paid and non-assessable shares of the Company.
- (iii) In entering into said Agreement of February 9th, 1959, Mr. Derby was acting as manager of a Syndicate known as the Derby Syndicate, 350 Bay Street, Toronto. So far as the signatories hereto are aware, the only persons or companies who have received or are entitled to receive any part of the aforesaid Vendor's consideration are set out hereunder, the respective percentages set forth after each name referring to each party's

interest in both aforesaid blocks of Vendor's shares: Andrew Whitelaw Derby — 4%; Atlin-Ruffner Mines (B.C.) Limited (Non Personal Liability), 12 Richmond Street East, Toronto — 5.33%; Fatima Mining Company Limited, 25 Adelaide Street West, Toronto — 10.67%; R. J. Jowsey Mining Company Limited, 12 Richmond Street East, Toronto — 10.67%; Midrim Mining Company Limited, 25 Adelaide Street West, Toronto — 8%; Multi-Minerals Limited, 25 Adelaide Street West, Toronto — 8%; Osisko Lake Mines Limited, 11 King Street West, Toronto — 5.33%; Sand River Gold Mining Company Limited, 12 Richmond Street East, Toronto — 5.33%; Trinity Chibougamaui Mines Ltd. (No Personal Liability), 67 Richmond Street West, Toronto — 5.33%; Upper Canada Mines Limited, 250 University Avenue, Toronto — 10.67%; Evans Lake Mines Limited, 25 King Street West, Toronto (which acquired its interest by assignment) — 26.67%.

- (m) For particulars relating to the means of access to the Company's properties, the known history thereof, and the character, extent and condition of surface exploration and development work, reference is made to the Report of Ashton W. Mullan, Geologist, dated January 28th, 1959, which accompanies and forms a part of this Prospectus. The airborne electromagnetic survey and the ground magnetic and electromagnetic surveys were carried out by the Derby Syndicate. No work has been done or improvements made by the present management save that ground geophysical work is now being carried out which will be followed by diamond drilling. There has been no underground exploration or development work and there is neither surface nor underground plant and equipment.
- (n) By Agreement dated February 9th, 1959, made between the Company and S. J. Brooks & Co., 185 Bay Street, Toronto, Ontario, as Underwriter-Optionee, the Underwriter-Optionee agreed to purchase 400,000 shares of the Company at 25¢ per share payable within 3 days of the date of acceptance for filing by the Ontario Securities Commission of this Prospectus (hereinafter referred to as the "effective date"). In consideration of the foregoing purchase the Company granted to the Underwriter-Optionee the sole and exclusive option of purchasing all or any part of 600,000 additional shares of the Company, exercisable at the prices and within the following times, namely: 200,000 shares at 35¢ per share within 3 months of the effective date; 200,000 shares at 50¢ per share within 6 months of the effective date; and 200,000 shares at 65¢ per share within 9 months of the effective date. In entering into said Agreement of February 9th, 1959, S. J. Brooks & Co. had no beneficial interest therein and were acting on behalf of the following, who hold the hereinafter set forth percentage interest participations in the underwriting and options, namely: Henson, Kinross, Smith Limited, 185 Bay Street, Toronto — 25%; Amitaf Holdings Limited, 25 Adelaide Street West, Toronto (a wholly owned subsidiary of Fatima Mining Company Limited) — 10%; Olm Limited, 11 King Street West, Toronto (a wholly owned subsidiary of Osisko Lake Mines Limited) — 5%; Midrim Holdings Limited, 25 Adelaide Street West, Toronto (a wholly owned subsidiary of Midrim Mining Company Limited) — 7.5%; Multi Holdings Limited, 25 Adelaide Street West, Toronto (a wholly owned subsidiary of Multi-Minerals

Limited) — 7.5%; Josan Holdings Limited, 12 Richmond Street East, Toronto (the shares of which are owned as to 50% by R. J. Jowsey Mining Company Limited, as to 25% by Atlin-Ruffner Mines (B.C.) Limited (Non Personal Liability), and as to 25% by Atlin-Ruffner Mines (B.C.) Limited (Non Personal Liability), and as to 25% by Sand River Gold Mining Company Limited) — 20%; Evans Lake Mines Limited (a wholly owned subsidiary of Ventures Limited) — 25%. So far as the signatories hereto are aware there are no sub-options or sub-underwritings outstanding or proposed to be given save as aforesaid.

The only persons having more than a 5% interest in Henson, Kinross, Smith Limited are Ralph Henson, 17 Chestnut Park, Toronto; Ernest Edward Lewis (a Director of the Company), 1235 Ravine Drive, Clarkson, Ontario; Sydney J. Brooks, 484 Avenue Road, Toronto, Ontario. If the aforesaid participants in the underwriting and options effect primary distribution to the public, same will be effected through registered security dealers who will be paid a commission not to exceed twenty-five percent of the selling price, or shares may be sold to registered security dealers at a mark-up not to exceed one cent per share. The Company understands that an amending statement must be filed within twenty days of default if the securities of the Company are still in the course of primary distribution.

- (o) The Company plans to carry out surface geophysical work on its properties which will be followed by diamond drilling. It is anticipated that additional mining claims may be staked adjacent to or in proximity to the Company's properties. Proceeds accruing from the current sale of securities will be expended for the foregoing, for the purchase of necessary equipment and generally for corporate purposes.

	Administrative	Development
(p) Preliminary expenses (unpaid)	\$ 1,000	\$ 1,340
Estimated future expenditures (during current financial year)	10,000	200,000

- (q) There is no indebtedness to be created or assumed other than as shown in the balance sheet dated February 10th, 1959, which accompanies and forms a part of this Prospectus, save legal and audit fees and printing costs incurred relative to this Prospectus.

- (r) (i) The principal business in which each Director and Officer has been engaged during the past three years is as follows:

ANDREW WHITELAW DERBY has been a Consulting Geologist, self-employed.

EDWARD FRANKLIN CARR has been a Mining Executive, self-employed, associated with Midrim Mining Company Limited, Multi-Minerals Limited, Fatima Mining Company Limited and other corporations.

BARNABAS WILLIAM NIXON APPLE, has been a member of the firm of Salter, Reilly & Jamieson, Solicitors, Toronto.

FREDERICK HURDMAN JOWSEY has been a Mining Executive, self-employed, associated with R. J. Jowsey Mining Company Limited, Atlin-Ruffner Mines (B.C.) Limited, Sand River Gold Mining Company Limited, Lyndhurst Mining Company Limited and other corporations. He is also managing director of F. H. Jowsey Ltd., management consultants.

ERNEST EDWARD LEWIS has been a partner in the firm of S. J. Brooks & Co.

- (ii) None of the Officers or Directors of the Company have had any interest direct or indirect in any property acquired or to be acquired by the Company save Andrew Whitelaw Derby whose interest in the Vendors' consideration is set forth in paragraph (1) hereof to which reference is hereby made.
- (iii) No remuneration was paid to Officers or Directors of the Company up to December 31st, 1958. During the current financial year commencing January 1st, 1959 it is not anticipated that any remuneration will be paid to the Directors or Officers of the Company; however, it is planned that Andrew Whitelaw Derby will be paid a fee of approximately \$500.00 per month commencing with the month of January, 1959.
- (s) No dividends have been paid by the Company.
- (t) The recipients of the Vendors' consideration set forth in paragraph (1) are in a position to elect or cause to be elected a majority of the Directors of the Company.
- (u) There are no arrangements for the sale of Vendors' shares. Free Vendors' shares and Vendors' shares as released from time to time may be offered for sale but the proceeds will not accrue to the Treasury of the Company.
- (v) The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 38 of The Securities Act (Ontario) and there is no further material information applicable other than in the financial statements or reports where required.

DATED this 17th day of February, 1959.

A. W. DERBY

E. F. CARR

F. H. JOWSEY
by his attorney
H. T. HURLEY

ERNEST E. LEWIS

B. NIXON APPLE

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 38 of The Securities Act (Ontario), and there is no further material information applicable other than in the financial statements or reports where required. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

DATED this 17th day of February, 1959.

S. J. BROOKS & CO.

By: S. J. BROOKS,

Underwriter-Optionee.

DERANCO MINES LIMITED

Balance Sheet — As at February 10, 1959

ASSETS

CURRENT

Due from subscribers \$ 5.00

MINING CLAIMS — at cost

111 unpatented claims in the District of Abitibi, Quebec, acquired for a consideration of 900,000 shares of capital stock for a value of 10¢ per share 90,000.00

DEFERRED DEVELOPMENT AND ADMINISTRATIVE EXPENSES

— see attached 62,340.00

INCORPORATION EXPENSES 3,335.00

\$155,680.00

LIABILITIES

CURRENT

Accounts payable and accrued expenses \$ 5,675.00

CAPITAL STOCK

Authorized:

5,000,000 shares — par value \$1.00 per share

Issued or to be issued:

	Par Value	Discount	
900,000 shares — for properties	\$ 900,000.00	\$ 810,000.00	
500,000 shares — for development expenses	500,000.00	440,000.00	
5 shares — for cash	5.00	—	
<u>1,400,005</u>	<u>\$1,400,005.00</u>	<u>\$1,250,000.00</u>	<u>150,005.00</u>
			<u>\$155,680.00</u>

NOTE: An underwriting and option agreement dated February 9, 1959 provides as follows:

- (a) Underwriting agreement for 400,000 shares (\$100,000) payable within 3 days of the "effective date".
- (b) Option agreement for 600,000 shares as follows:
 - 200,000 shares at 35¢ per share payable within 3 months after the "effective date".
 - 200,000 shares at 50¢ per share payable within 6 months after the "effective date".
 - 200,000 shares at 65¢ per share payable within 9 months after the "effective date".

Approved on behalf of the Board:

E. F. CARR, Director.

B. NIXON APPLE, Director.

AUDITORS' REPORT

To the Shareholders:

We have examined the attached balance sheet of Deranco Mines Limited as at February 10, 1959 and made such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances, and have obtained all the information and explanations we have required.

In our opinion, the attached balance sheet and the accompanying notes presents fairly the financial position of the company as at February 10, 1959.

PETTIT, HILL AND BERTRAM,
Chartered Accountants.

Toronto, February 17, 1959.

DERANCO MINES LIMITED

Statement of Deferred Development and Administrative Expenses

	Expenses of Predecessor Company	Expenses to Date	Total
DEVELOPMENT			
Geological Surveys	\$55,710.34	—	\$55,710.34
Consulting fees and expenses	4,289.66	\$ 500.00	4,789.66
Licenses and fees	—	240.00	240.00
Engineer's salary and expenses	—	600.00	600.00
	<u>\$60,000.00</u>	<u>\$ 1,340.00</u>	<u>\$61,340.00</u>
ADMINISTRATIVE			
Office stationery and expense	—	\$ 500.00	\$ 500.00
Audit fees	—	200.00	200.00
General	—	300.00	300.00
	<u>—</u>	<u>\$ 1,000.00</u>	<u>\$ 1,000.00</u>
TOTAL	<u>\$60,000.00</u>	<u>\$ 2,340.00</u>	<u>\$62,340.00</u>

REPORT ON CLAIMS HELD BY DERANCO MINES LIMITED IN THE EVANS LAKE DISTRICT IN NORTHWESTERN QUEBEC

Deranco Mines Limited holds a total of 111 mining claims divided into seven groups. The claims of any one group are contiguous, but the groups are not. These mining claims, segregated into groups may be described as follows:

Group Name	Township No.	License No.	Claim Nos.	Anniversary Date	Number of Claims	
Crow Bay						
Staking 1	1313	144812	Q-117293-297	Aug. 1, 1960	5	35
		144813	Q-117298-302	Aug. 2, 1960	5	
		144814	Q-117303-307	Aug. 3, 1960	5	
		144815	Q-117273-277	Aug. 1, 1960	5	
		144816	Q-117278-282	Aug. 2, 1960	5	
		144817	Q-117283-287	Aug. 3, 1960	5	
		144818	Q-117288-292	Aug. 4, 1960	5	
Staking 2		144819	Q-117598-601	Aug. 11, 1960	4	4
Wagama Lake						
Group 1	1211	144820	Q-118776-80	Sept. 2, 1960	5	24
		144821	Q-118781-85	Sept. 2, 1960	5	
		144822	Q-118786-90	Sept. 3, 1960	5	
		114823	Q-118791-95	Sept. 4, 1960	5	
		114824	Q-118796-99	Sept. 4, 1960	4	
Group 2		144824	Q-119274	Sept. 6, 1960	1	6
		144825	Q-118800-04	Sept. 6, 1960	5	
Dana River						
	1210	144831	Q-119399-403	Oct. 10, 1960	5	10
		144832	Q-119394-398	Oct. 11, 1960	5	
Mt. Middleton						
Group 1	1313	144826	Q-118931-35	Sept. 15, 1960	5	9
		144827	Q-118927-30	Sept. 15, 1960	4	
Group 2		144828	Q-118946-50	Sept. 18, 1960	5	15
		144829	Q-118941-45	Sept. 19, 1960	5	
		144830	Q-118936-40	Sept. 20, 1960	5	
Evans Lake						
Staking 1	1313	141719	Q-116364-67	June 20, 1960	4	8
Staking 2		141720	Q-118515-18	Sept. 2, 1960	4	
					Total	111

SUMMARY AND RECOMMENDATIONS

Results of an extensive airborne electromagnetic survey carried out in the Evans Lake area of Northwestern Quebec indicated the presence of seventy-nine anomalous zones. Twenty-four of these were interpreted as warranting immediate ground investigation by geological, magnetic and electromagnetic surveys. The balance of the areas selected are considered to be of doubtful significance, but a sufficient number were recommended for checking to confirm their rating. Five of the twenty-four selected areas were held by staking by others. Fourteen of the areas have been investigated, and the balance of five of first priority are recommended for ground surveys (part of which programme is now in progress), plus spot-checking of selected areas of lower priority.

Results of the ground follow-up resulted in the staking of 111 claims in six groups of the first priority rating, and one group in the lower category. The ground survey results are sufficiently significant to recommend diamond drilling on all seven groups. Any estimate of the number of holes and footage required is nebulous in this type of programme. A total of 5000 feet is recommended as an absolute minimum on the assumption that none of the anomalies would indicate economic potential in the initial drilling. It is probable that a much more extensive programme will be involved than the footage suggested above. In addition, the ground survey work now in progress will in all probability result in the staking of additional claims, with subsequent drilling required.

HISTORY

The most significant development in mining exploration in Canada in recent years has been the adoption of airborne geophysical surveys as a primary tool. This type of approach is particularly applicable to areas where extensive overburden and water coverage limit rock exposures. Success of this new procedure has been well exemplified by results in numerous areas of Canada, of which the sulphide deposits of New Brunswick, Northern Manitoba, and those recently discovered in the Mattagami area of Northwestern Quebec are good examples.

The success of this newly developed exploration technique prompted the selection of the area for its application. Primary criteria for such selection are favourable geology, lack of previously concentrated exploration, and reasonable accessibility. A portion of the Evans Lake area, Northwestern Quebec, was selected on this basis as having known favourable geology, limited exploration work, and located within ninety miles of the recently completed Chibougamau branch of the Canadian National Railway.

An exploration program was initiated by an airborne electromagnetic survey under contract to Spartan Air Service of Ottawa. A total of 2354 line-miles of airborne survey, flown at one-quarter miles spacing and covering approximately 570 square miles, was completed by June 1958. Ground magnetic and electromagnetic surveys, to evaluate and locate anomalous zones indicated by the airborne survey, were carried out during the months of June to November, 1958. A total of 111 claims, included in seven separate groups, were acquired by staking and are recommended for diamond drilling. Sufficient

detailed work has been completed on five of these groups to recommend a definite diamond drilling programme. Additional detailed geophysical work is required on the other two groups before a definite drilling programme can be outlined.

Further ground geophysical surveys are being completed on airborne anomalous zones that have not been checked to date.

LOCATION AND ACCESS

The Evans Lake area is located in northwestern Quebec between latitudes $50^{\circ} 30'$ and $50^{\circ} 00'$, and longitudes $76^{\circ} 45'$ and $78^{\circ} 00'$. It is approximately one hundred miles northwest of the town of Chibougamau, and sixty miles due north of the Mattagami Lake area.

Best present means of access is by aircraft from established bases at Amos, Senneterre or Chibougamau, a distance of approximately one hundred miles. The area is sixty miles north and west of the closest point on the newly constructed Chibougamau branch of the Canadian National Railway, and a similar distance from the road, presently under construction, to the Mattagami Lake area.

TOPOGRAPHY

Drainage of the area is to James Bay by the Broadback River in the eastern portion, and the Nottaway in the west.

The entire area is characterized by extensive areas of low lying and swampy ground. The highest ground in the area is a range of well-exposed granite ridges and hills south and east of Evans Lake.

A dominant northeasterly glacial trend has been superimposed on the older topography in the eastern part of the area with a more northerly-northwesterly trend in the central and western portions.

GEOLOGY

Mapping by the Geological Survey of Canada has traced a band of greenstones from directly south of Evans Lake east to Mistassini Lake, a distance of 160 miles. There is no published geological data available west of this area; however, similar rock types have been reported on the Nottaway River. As a result of last summers field work it appears that the greenstone belt is continuous from Evans Lake at least as far west as the Nottaway River.

The area covered by this exploration programme is underlain by a series of volcanic rocks and associated sedimentary horizons. They have been named by G. Shaw as the "Evans Lake Series."

Andesites are the most common rock type. They frequently show pillow structure, and vary from fine to coarse in grain. Alteration is the typical greenschist variety. An outcropping just north of Mt. Middleton has an east-west strike with horizon tops indicated to the north. Lenses of light green rhyolite were observed interbedded with the andesite flows.

Narrow beds of tuff and agglomerate are well distributed throughout the volcanic horizons. Their occurrence becomes more frequent as the sedimentary Broadback Series is approached. The Broadback Series underlie large areas to the east of Evans Lake. The tuffs and agglomerates usually display excellent bedding, and have a fine-grained acid matrix.

Sedimentary iron formation was observed outcropping just east of the rapids on the Dana River in Township 1210. They were well bedded and composed essentially of quartz and magnetite.

Medium to coarse grained gabbro has been mapped at several localities in this area. Mt. Reed, located $1\frac{1}{2}$ miles southwest of Crow Bay, appears to be gabbro intrusive into andesite. Gabbro was also observed west of Wagama Lake and west of the Dana River.

Granite and associated intrusives occupy the areas both north and south of the greenstone belt, and have also been mapped intrusive into the volcanics. A porphyritic syenite outcrops along Rabbit Creek, one mile south of Crow Bay. Syenite has also been reported northwest of Wagama Lake.

STRUCTURAL GEOLOGY

Both the volcanic flows and the sedimentary horizons dip at angles that vary from 45° to vertical. This would suggest that the greenstones occur as a series of tight isoclinal folds.

A strong topographic lineament strikes northwesterly across the western part of the area and is believed to be a major fault zone. Intensive shearing was observed on the east shore of Crow Bay, suggesting a fault zone.

ECONOMIC GEOLOGY

To date, limited prospecting has been carried out within the Evans Lake Series. However, several mineral finds have been reported.

A copper-zinc showing was located several years ago on the Broadback River, just south of Crow Bay in Township 1313.

Considerable surface development has been done on a copper occurrence located in the eastern part of Township 1209, just west of the Dana River.

Gossan zones containing sulphide mineralization have been reported elsewhere in Townships 1210 and 1211.

GEOPHYSICS

An airborne electromagnetic survey was chosen as the preliminary exploration tool in the area. This survey totalled 2354 line-miles of flying at one-quarter mile spacing and covering an area of approximately 570 square miles.

A total of seventy-nine anomalous areas was recommended for ground investigation as a result of interpretation of the airborne survey. These were graded in accordance with the relative amplitude and shape of the recorded electromagnetic response. Nine areas were considered of first grade importance, and fifteen areas of second grade, with both groups definitely warranting

ground investigation. The balance of the anomalous areas were considered of doubtful merit, with the recommendation that a sufficient number of them be investigated on the ground to confirm their rating.

Five of the twenty-four areas definitely recommended for ground investigation had been previously staked. Six groups were staked on the basis of favourable ground survey results, and eight were eliminated. The balance of five are being investigated. Based on the statistical results of the ground survey to date, additional staking will be required. Nineteen areas of lower classification were investigated, resulting in the staking of one group of claims.

McPHAR GEOPHYSICS LIMITED,

A. W. MULLAN,
Geologist.

Dated: January 28, 1959.

CERTIFICATE

I, Ashton W. Mullan, of the City of Toronto hereby certify:

1. That I am a geologist with a business address at 139 Bond Avenue, Don Mills, Ontario.
2. That I hold a B.Sc. degree from McGill University.
3. That I have been practicing my profession as a geologist for ten years and that I have been largely engaged in interpretation of and field work based on geophysical data.
4. That this report is based on personal observations made on the ground during 1958, and on my studies of the result of an airborne electromagnetic survey made by Spartan Air Services during 1958, and on my studies of ground electromagnetic and magnetic surveys carried out under my direct supervision during 1958 and on my studies of Geological Survey of Canada Maps No. 689A, Mishagomish Lake and 712A Assinica Lake Area.
5. That I have no interest either direct or indirect in the securities or properties of Deranco Mines Limited, nor do I expect to receive any.

A. W. MULLAN, B.Sc.

Dated at Toronto,
This 28th Day of January, 1959.

